



# COUNTY OF LOS ANGELES

## CHIEF INFORMATION OFFICE

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February 14, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Don Knabe, Chair Pro Tem  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: Jon W. Fullinwider  
Chief Information Officer

Subject: **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)  
TASK FORCE – STATUS**

### COUNTYWIDE HIPAA COMPLIANCE STATUS

**RED - HIGH RISK OF NON-COMPLIANCE**

During the Board meeting of June 19, 2001, the Board directed the Chief Administrative Officer and the Chief Information Officer to report quarterly on the County's efforts and progress in becoming compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). While we will continue to provide quarterly reports, a key date related to Privacy compliance is rapidly approaching. HIPAA Privacy Rules will become effective on April 14, 2003. In light of this key milestone and the large commitment required by the affected departments to ensure compliance, we will provide the Board with bi-weekly updates on the progress being made to comply with this requirement. A secondary part of the status report will focus on the County's continuing efforts to become compliant with the electronic exchange of information under the Transactions and Code Sets provisions of HIPAA. In this context, the County must begin testing by April 16, 2003 with the intent of being fully compliant by October 16, 2003.

As depicted in "RED" above, the overall status of the County's compliance efforts reflected in this status report are characterized as High Risk for not achieving compliance by the established dates.

Becoming compliant with HIPAA Privacy rules requires employees within DHS, DMH and the Probation Kirby Center to receive formal training in the protection of healthcare information under the privacy guidelines established by HIPAA. The number of employees, within the County, requiring training is estimated at 27,850. Training requirements will vary (i.e., the

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number and types of training modules taken) depending on the classification and/or job responsibility of the employee. Two types of formal training have been provided for (i.e., web-based and instructor-led) and require each department to communicate and coordinate the type to be pursued. The amount of time each employee is required to commit to training could be as low as fifteen minutes for basic privacy awareness or up to two hours for staff handling patient information. To be successful in achieving compliance by the April 14, 2003 date, each department must identify the type and method of training for each employee. While web-based training provides a high degree of flexibility with an automated tracking ability, it is anticipated that the vast majority of staff will have to be trained in a formal instructor-led environment due to the limited number of people who have access to the Internet within DHS and DMH. This will require a significant amount of effort to ensure training classes are scheduled, staff is identified and that there is a coordinated process for ensuring attendance and tracking.

While progress is being made, efforts within DHS do not reflect the necessary commitment to achieving HIPAA compliance for Privacy. Less than 100 employees have completed the Privacy Training. DMH has begun a large scale training effort primarily through instructor-led training, however, they have not identified and documented staff trained to ensure training is complete. The development and publication of policies, procedures and forms is behind schedule and must be accelerated. DHS has stated that they plan on outsourcing the administrative functions of their Community Health Plan (CHP). Under this approach, the LA Care Health Plan will be responsible for ensuring that the exchange of electronic information is compliant with the testing and ultimate implementation deadline imposed by HIPAA Transactions and Code Sets (TCS) criteria. However, this contract continues to be delayed and the time for ensuring compliance (i.e., April 16<sup>th</sup> and October 16<sup>th</sup>) continues to slip away.

## **ACCOMPLISHMENTS**

1. To facilitate the successful implementation of the HIPAA rules by DHS, DMH, and the Dorothy Kirby Center in the Probation Department, the following milestones/accomplishments have occurred:

On January 7, 2003, the Board approved two Board letters, which were the foundation for implementing the HIPAA Privacy Rules. The Board's actions:

- a. Declared the County as a Hybrid Covered Entity.
- b. Identified the Department of Health Services, Department of Mental Health, and the Dorothy Kirby Center of the Department of Probation as parts of the single covered healthcare.
- c. Designated Alan Brusewitz as the County's Chief Information Security Officer and Glen Day as the County's Chief Information Privacy Officer, as required by HIPAA.

- d. Approved Business Associate provisions, as to form, and delegated authority for department heads to execute required amendments to existing agreements.

The actions taken in these Board letters officially established the County's approach and the scope of the "healthcare component" which is directly subject to the full breadth of the HIPAA Regulations. However, the status of HIPAA involvement will change over time as program revisions or expansions are implemented.

2. Glen Day, Chief Information Privacy Officer (CIPO), assumed the responsibilities as Chair of the HIPAA Taskforce, a committee of departmental representatives that are both tracking and supporting the implementation of the HIPAA regulations. He will be using the Taskforce to disseminate information and monitor new programs that may change a department's HIPAA status.
3. A County of Los Angeles HIPAA Intranet website was launched. The website allows all departments to access relevant HIPAA information. While the initial focus of the website will be on Privacy Rules, policies, procedures and issues, as other HIPAA compliance dates approach, updated information about Transactions and Code Sets and Security will be posted. The HIPAA Intranet website can be located at URL: <http://hipaaweb.co.la.ca.us/>.
4. HIPAA Privacy Rules require training on the regulations and related policies for every employee within the departments that make up the healthcare component. On January 16, 2003, Health Care Compliance Strategies (HCCS) was selected as the winning vendor (RFP # DEC23-02HIPAA) to provide a hybrid, web-based and instructor-led, HIPAA training solution to the County's estimated 27,850 healthcare employees and volunteers. On February 3, 2003, the HCCS web-based privacy training was launched and made available for departmental use. The HCCS training solution also includes the training materials for instructor-led training for the staff without Internet access. Instructor-led training is of growing importance as the reported number of employees with Internet access within DHS continues to decline. Early reports identified the number of DHS employees with Internet access at approximately 12,000. However, the most recent estimates indicate that number to only be approximately 5,000 employees.

The Internal Services Department's Customer Assistance Center has agreed to act as the first-level Help Desk in support of the web-based training program.

## **ISSUES REQUIRING MANAGEMENT ATTENTION**

1. HIPAA Training is seriously behind schedule: To meet the HIPAA requirement to have trained the entire workforce of DHS, DMH, and the Kirby Center of the Department of

Probation by April 14, 2003, requires that approximately 3,100 employees per week complete the training. To date, less than 100 employees have completed the training and documented their activity in the Learning Management System. To achieve compliance, management must affirm their commitment to affected staff that they receive and document their Privacy training.

**Recommended Actions:**

DHS and DMH must identify staff and the appropriate level of training based on the individual's job classification and/or job function. Once this is accomplished, the departments must develop detailed plans to ensure that the employees requiring instructor-led training are specifically identified, work schedules are developed that allow time for both web based trainees and employees requiring instructor-led classes to complete training, and sufficient number of trainers and training locations are identified to ensure that 3,100 employees complete the required training each week.

2. Privacy Policies, Procedures and Forms are behind schedule: There is a large number of HIPAA Privacy specific policies and procedures to be developed and reviewed prior to their adoption. These policies and procedures must be adopted and distributed within the affected departments no later than April 14, 2003.

**Recommended Actions:**

Each HIPAA covered department must support the streamlined development and review process to ensure the timely completion and publication of the required policies and procedures. The updated schedule requires completion by February 28, 2003.

3. Inter-departmental MOUs are behind schedule: The countywide project plan scheduled this effort to begin February 10, 2003, and to be completed by March 31, 2003. The workgroup to address inter-departmental MOUs must convene a meeting within the coming week. This group must rapidly identify the types of Protected Health Information (PHI) exchanged between departments and determine how the information is utilized.

**Recommended Actions:**

The five key departments requiring MOUs include the Chief Administrative Office, Treasurer-Tax Collector, Auditor-Controller, County Counsel, and the Internal Services Department. Representatives of these departments, the CIPO, County Counsel and outside counsel must begin meeting the week of February 17, 2003 to discuss the use of PHI and content of required MOUs. A focused management commitment by each of the departments is required to finalize and have signed MOU's in place by March 31, 2003.

**IMPACT OF NON-COMPLIANCE**

In the event the County fails to meet HIPAA compliance directives, there can be monetary and criminal penalties imposed. The maximum penalties include up to \$250,000 in fines or up to 10 years imprisonment. Additionally, the County may be held liable for breaches of privacy and resulting lawsuits. The related publicity would embarrass the County and damage its public image in regards to our management of healthcare information. After October 16, 2003, any department that cannot generate HIPAA compliant electronic transactions will either have to submit paper-based transactions or delay the submission of the transaction until they are in compliance. The County could revert back to paper-based Medi-Cal claim submission, however, the State's limited ability to process the huge volumes of claims would have a significant impact on DHS's and DMH's cash flow. This would further burden the County's already stressed healthcare organizations.

The attached color-coded chart identifies the metrics for monitoring DHS, DMH and the Dorothy Kirby Center's progress in achieving compliance with the HIPAA rules. A "RED" status indicates the project or task is significantly behind with a high potential of not meeting compliance dates. A "YELLOW" status indicates that the project or task is behind, however, it has not yet reached the point of being classified as "RED" and there is a clear near term effort to ensure the project or task is completed within the specified timeframe. A "GREEN" status indicates that the project or task is on schedule with a high degree of confidence that it will be completed within the specified timeframe.

If you have questions or require additional information, please contact me at (213) 974-2008.

JWF:GD:ygd

Attachment

c: Chief Administrative Officer  
Director, Department of Mental Health  
Director, Department of Health Services  
Chief Probation Officer



## HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY (HIPAA)

Privacy Rules (Compliance Date April 14, 2003)				
	Department of Health Services	Department of Mental Health	Probation – Kirby Center	Overall County Status
<b>Privacy Training</b>	Total to be Trained: 24,500 Trained to Date: 99 Planned for next period: 5444	Total to be Trained: 3,200 Trained to Date: 0 Planned for next period: 712	Total to be Trained: 150 Trained to Date: 0 Planned for next period: 34	Total to be Trained: 27,850 Trained to Date: 99 Planned for next period: 6188
<b>Comments</b>	<p>1. The statistics referenced above indicate each department's status in completing required HIPAA Training.</p> <p>2. The Chief Information Privacy Officer (CIPO) is coordinating the training efforts for the County between the various departmental Privacy Officers. Each department is required to manage and track their workforce's progress towards completing the assigned training. This includes ensuring that all personnel and volunteers are assigned to take the proper training curriculum.</p> <p>On January 28, the Employee Relations Division (CAO) notified the affected Unions of the HIPAA training initiative. No comments from the Unions have been received to date.</p>			
<b>Publication of Privacy Policies, Procedures and Forms</b>	No. of Documents Required: 45 No. of Documents Finalized: 3	No. of Documents Required: 45 No. of Documents Finalized: 3	No. of Documents Required: 45 No. of Documents Finalized: 3	No. of Documents Required: 45 No. of Documents Finalized: 3
<b>Comments</b>	<p>1. The CIPO, in concert with the Departmental Privacy Officers, are developing County Privacy Policies and Procedures to comply with HIPAA Privacy rules. These policies and procedures must be adopted and distributed within the affected departments, no later than April 14, 2003.</p>			
<b>Business Associate Amendments</b>	No. of Amendments Required: 100* No. of Amendments Executed: 0 Target Completion: March 31, 2003  (* ) This is a <u>contract</u> only count. The number of affected purchase orders will be reflected in the next report.	No. of Amendments Required: 265* No. of Amendments Executed: 0 Target Completion: March 31, 2003  (* ) This is a combined contract and purchase order count.	No. of Amendments Required: NA* No. of Amendments Executed: NA Target Completion: March 31, 2003  (* ) All Business Associate Amendments are included in the DMH count.	No. of Amendments Required: 365 No. of Amendments Executed: 0 Target Completion: March 31, 2003
<b>Comments</b>	The Board delegated authority to Department Heads to execute amendments to existing agreements with business associates. Future reports will document the Departments' progress in completing this task.			
<b>Interdepartmental MOUs</b>	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2003	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2003	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2003	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2003
<b>Comments</b>	The Board approved the use of interdepartmental MOUs to support the continued exchange of protected health information (PHI) between the three HIPAA covered components and the five County departments (CAO, Counsel, Auditor, Treasurer and ISD) identified as providing services that require access to PHI. Representatives of these departments, the CIPO, County Counsel and outside counsel will begin meeting the week of February 17, 2003 to discuss the use of PHI and content of required MOUs.			

Transactions and Code Sets (TCS) Rules (Test Date: April 16; Compliance Date: October 16,2003)					
	Department of Health Services		Department of Mental Health	Probation – Kirby Center	Overall County Status
System Modifications/ Version Upgrades	Hospitals/Clinics Public Health OMC/CHP	Upgrade Modification Outsourcing	System Development & Implementation	(Dependent on DMH Integrated System)	Overall County Compliance is dependant on a variety of compliance strategies.
Comments	DHS' hospitals and clinics are using a commercial Hospital Information System (HIS) by QuadraMed, Inc. Their M1 version upgrade includes all the required updates to capture required data.		DMH has a contractor developing an Integrated System, which will allow the department to achieve HIPAA TCS compliance. As validated in a meeting on February 3, 2003, the contractor and team confirmed that the project plan is on schedule to meet the April 16, 2003 testing deadline.	The Kirby Center's compliance is dependent on the DMH project. DMH processes all Kirby transactions.	Those organizations that are modifying systems or contracting out the function to achieve TCS compliance must maintain very tight timelines to achieve this goal.
	DHS' Public Health Org. must modify applications or process covered transactions manually. Their progress in addressing these two options is undergoing revisions.				
	The Office of Managed Care (OMC) has stated that they plan on outsourcing the administrative functions of their Community Health Plan (CHP). Under this plan, the LA Care Health Plan. will be responsible for ensuring that the exchange of electronic information is compliant with the testing and ultimate implementation deadline imposed by HIPAA Transactions and Code Sets (TCS) criteria.				
Transaction Testing/ Outcome	No. of Transaction Tests Required: 7 No. of Transaction Tests Completed: 0		No. of Transaction Tests Required: 7 No. of Transaction Tests Completed: 0		No. of Transaction Tests Required: 14 No. of Transaction Tests Completed: 0
Comments	HIPAA TCS Rules require each provider to begin testing of their covered transactions by April 16, 2003. The State of California is their largest “trading partner” (payer).  There are data elements included in the standard HIPAA transactions that are not currently collected. In each instance, these data elements must be collected or derived from available data.				
Security Rules (Release Date: February 20, 2003)					
Comments	The Final Security Rules have been delayed. The revised publication date is scheduled for the February 20, 2003 Federal Register.  Following the release of the final Security Rules, the formal date for compliance will be established and more detailed information will be provided.				